

Message Text

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ACTION EUR-12

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-----126174 221724Z /45

R 221502Z DEC 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC 9429
INFO AMCONSUL FLORENCE
AMCONSUL GENOA
AMCONSUL MILAN
AMCONSUL NAPLES
AMCONSUL PALERMO
AMCONSUL TRIESTE POUCH
AMCONSUL TURIN POUCH

C O N F I D E N T I A L ROME 20975

E. O. 11652: GDS
TAGS: PINT, IT
SUBJ: VIEWS OF SOCIALIST PARLIAMENTARY LEADER

1. THE HEAD OF THE SOCIALIST PARLIAMENTARY GROUP, VINCENZO BALZAMO, EXPRESSED DEEP GLOOM ABOUT THE CURRENT POLITICAL AND ECONOMIC SITUATION IN A CONVERSATION WITH AN EMBASSY OFFICER ON DECEMBER 21. IN BALZAMO'S VIEW ITALY HAS REACHED A STATE OF REAL CRISIS. PUBLIC EXPENDITURES ARE WELL OVER THE ACCEPTABLE LIMIT; UNEMPLOYMENT IS AT AN INTOLERABLE LEVEL, PARTICULARLY AS IT IS CONCENTRATED AMONG THE YOUNG AND IN THE SOUTH; PUBLIC SERVICES HAVE BROKEN DOWN; THE HOSPITALS ARE WOEFULLY DEFICIENT; TERRORISM HAS REACHED FRIGHTENINGLEVEL, PUBLIC TRANSPORTATION IS INADEQUATE AND SCHOOLS AND UNIVERSITIES ARE UNEQUAL TO NEEDS. THERE IS NO SECTOR OF PUBLIC LIFE THAT FUNCTIONS PROPERLY. THE SITUATION HAS BECOME INTOLERABLE AND
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CANNOT GO ON AS IT IS. THERE IS ONLY ONE HOPE OF COMING TO GRIPS WITH THESE PROBLEMS--A BROAD COALITION GOVERNMENT WHICH INCLUDES THE COMMUNISTS.

2. WHEN ASKED WHY A GOVERNMENT OF THIS SORT WILL ACCOMPLISH WHAT THE SIX PARTY ACCORD HAS NOT, BALZAMO RESPONDED THAT THE CHRISTIAN DEMOCRATS HAVE BECOME

SIMPLY UNABLE TO GOVERN. SO FAR IN THIS LEGISLATIVE PERIOD THEY HAVE NOT MANAGED TO INTRODUCE AND SECURE THE ENACTMENT OF A SINGLE IMPORTANT PIECE OF LEGISLATION. BILLS ORIGINATE WITH THE CHRISTIAN DEMOCRATS, ARE DRAFTED BY THEM AND NOT DISCUSSED WITH THE OTHER PARTIES AT THAT STAGE. CONSEQUENTLY DRAFT BILLS GET STALLED WHEN THEY FINALLY REACH THE CHAMBER SINCE ONLY THEN DO THE OTHER PARTIES HAVE AN OPPORTUNITY TO WORK ON THEM. THIS PROCESS WOULD BE SMOOTHED AND SPEEDED GREATLY IN AN EMERGENCY GOVERNMENT WHERE ALL PARTY LEADERS WOULD SIT AROUND ONE TABLE AND WORK OUT THE GOVERNMENT'S LEGISLATIVE PROPOSALS. MOREOVER, WITH THE COMMUNISTS SHARING RESPONSIBILITY, THEY WOULD BE UNDER PRESSURE TO PRODUCE RESULTS.

3. BALZAMO COMMENTED THAT THE SOCIALIST PARTY WAS CONSCIOUS OF THE RESERVATIONS THAT COULD BE HELD ABOUT THE COMMUNIST ATTITUDE TOWARD THE ATLANTIC ALLIANCE BUT, HE SAID, "WE ARE AT THE LIMIT" AND AN EMERGENCY GOVERNMENT WITH THE COMMUNISTS IS THE ONLY SOLUTION. TO THE REMARK THAT THE SOCIALIST PARTY SEEMED TO BE IN DISAGREEMENT ON THE QUESTION OF TIMING, WITH MANCA FAVORING AN EMERGENCY GOVERNMENT IN JANUARY AND CRAXI IN THE SPRING, BALZAMO SAID THAT IT IS NOW CLEAR THAT THE END OF JANUARY IS THE LIMIT. THE TRADE UNIONS' THREAT OF A GENERAL

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STRIKE IN LATE JANUARY REQUIRES A SOLUTION BY THEN. THE STRIKE IS NOT INEVITABLE BUT THERE IS VERY LITTLE MARGIN FOR MANEUVER. WHAT WOULD BE THE POLITICAL CONSEQUENCE IF A STRIKE OCCURRED? THE COMMUNISTS WOULD GO INTO THE OPPOSITION AND THE SOCIALISTS WOULD FOLLOW. THE GOVERNMENT WOULD FALL.

4. TO THE REMARK THAT THE SOCIALISTS DO NOT SEEM ENTIRELY CONVINCED THAT THE COMMUNIST PARTY HAS COMPLETELY CHANGED YET ARE INVITING THEM INTO THE GOVERNMENT, BALZAMO RESPONDED, " WE HAVE NO CHOICE." WOULD NOT THE COMMUNIST INCLUSION INTO GOVERNMENT MAKE THE SOCIALIST PARTY POLITICALLY IRRELEVANT? TO THIS BALZAMO RESPONDED THAT THE SOCIALIST PARTY IS LOSING ITS ELECTORAL SUBSTANCE TO THE COMMUNISTS AND IS CONVINCED THAT ITS ONLY HOPE FOR THE FUTURE IS BY HAVING THE COMMUNISTS IN THE GOVERNMENT TO SHARE RESPONSIBILITY. ASKED IF THERE IS ANY POSSIBILITY OF A CENTER-LEFT COALITION, BALZAMO REPLIED THAT THIS WAS OUT OF THE QUESTION IN THE IMMEDIATE FUTURE. FOLLOWING ANOTHER ELECTION, HOWEVER, IT MIGHT BE A POSSIBILITY.

5. BALZAMO REMARKED THAT HE WAS CERTAIN THAT DEVELOPMENTS IN ITALY ARE OF INTEREST TO THE AMERICAN GOVERNMENT AND ASKED WHAT THE VIEW OF WASHINGTON IS REGARDING A GOVERNMENT WHICH WOULD INCLUDE THE COMMUNISTS. BALZAMO'S ONLY RESPONSE, WHEN TOLD THAT THE AMERICAN GOVERNMENT'S ATTITUDE HAD NOT CHANGED, WAS TO LOOK UNCOMFORTABLE AND REMARK THAT THERE IS NO ALTERNATIVE. GARDNER

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